



Department of Business,
Economic Development
& Tourism

2001 Annual Report

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Message from the Director

Seiji F. Naya, Ph.D.



Hawaii has crossed into the new millennium with a new economic vision and a renewed sense of economic optimism. By all indications, Hawaii has adjusted to the economic doldrums of the 1990's and should be prepared to move forward with renewed development potential.

Although the tragic events of September 11, 2001, caused the State's visitor industry to stumble badly, its resiliency has been admirable and the fundamental economic course of our state has not been diminished.

To understand Hawaii's economic challenges, we must create a brief historical context. In 1995, it was clear that fundamental structural adjustments were needed in order to restore growth and increase Hawaii's competitive posture in the new worldwide economy.

Six years later, Hawaii's economy was growing at its fastest pace since the late 1980's and unemployment was below the national average. Moreover, our economy has become more flexible, efficient and technologically *akamai*—ready for the 21st century.

This recovery has not happened on its own. The State administration, the Legislature, and particularly our small and large businesses, citizens and consumers, took bold actions to help the State's mature economy meet the demands of the New Economy.

I believe it is an appropriate and important time for us to acknowledge the effort it has taken to cope with a most difficult time in Hawaii's economic history. Much credit must be given to the effort of DBEDT and its partners in redirecting the State's economic focus.

DBEDT has supported the growth of Hawaii's business sector and encouraged initiatives for economic development, including the expansion of Hawaii's presence in the international marketplace. We did this by helping firms meet licensing and permit requirements, supporting community-based economic initiatives, providing loans and venture capital, encouraging responsible investment, and disseminating information on global business and trade opportunities.

Hawaii is famous for its splendid beaches and multicultural ambiance, as well as challenging golf courses and five-star hotels. What was less well known is a picture of Hawaii as a business center offering the business person an array of commercial opportunities, from providing goods and services to our nearly seven million annual visitors, to expanding operations in the Asia-Pacific region, to meeting the day-to-day needs of Hawaii's one million plus population.

Our beautiful island of Maui is home to one of the world's most powerful parallel processing super computers. The Maui Research and Technology Center assists companies by working with them to explore the computer's potential in meeting complex business and scientific applications. In today's competitive business climate, the power and appropriate application of computers can spell the difference between success and failure. The state's technological support capability is further enhanced by programs of Hawaii's High Technology Development Corporation and venture capital funding of the Hawaii Strategic Development Corporation.

The international film industry is discovering how Hawaii's dramatic scenery, rich cultural tapestry, and abundant technical expertise can spell profits for all varieties of filmmaking. The island of Kauai has long been a favorite among industry professionals combining unparalleled scenery with unforgettable hospitality. You will appreciate the enthusiastic support given the film industry by our state and county agencies.

The Big Island of Hawaii is a leader in using new ocean technologies for product development. The Natural Energy Laboratory of Hawaii Authority (NELHA) serves innovative, young companies, many of who are seeing tremendous growth using NELHA's infrastructure and easy access to ocean resources. The Big Island's Mauna Kea volcano is the preferred site of European, Japanese and U.S. astronomers for locating their most powerful telescopes. In fact, the world's largest optical and infrared telescope is located here, significantly increasing man's capacity to study the farthest reaches of space.

Hawaii's thirteen Foreign-Trade Zones offer significant tax benefits for those companies interested in storing, assembling, or manufacturing goods for international markets. Hawaii also has the benefit of being an INS Regional Center Authority which can help the foreign business person establish U.S. residency based on investments in Hawaii's economy.

Hawaii offers the convenience of talking to New York and Tokyo during the same business day. With the telecommunications revolution well underway, Hawaii's extensive intra-island fiber optic cable system, coupled with trans-Pacific fiber optics and satellite connectivity, allows you to place your video conference calls to anywhere in the world. Hawaii is the best of all worlds. As a business location it provides instant international access and is your gateway to Asia's booming markets. At the same time it offers miles of white sand beaches, cool trade winds, a cosmopolitan atmosphere, and world-renowned cuisine inspired by the islands' multicultural heritage.

Aloha,

Dr. Seiji F. Naya
Director

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DBEDT Mission and Goals

The core mission of the Department of Business, Economic Development & Tourism is stimulating economic development efforts, documenting economic development in Hawaii and attracting new industry and investment to the State.

DBEDT works to support business, create jobs, and improve Hawaii's standard of living through diversifying the economy, expanding existing business, and attracting new economic activity. It primarily serves Hawaii's extensive small business community with economic development services that would not otherwise be available. In addition, the Department serves as a catalyst to provide Hawaii residents with affordable housing and shelter.

This is achieved through:

- Formulating and implementing business development strategies;
- Organizing business trade and investment missions;
- Providing core information for emerging firms;
- Encouraging technology industry development and expansion;
- Supporting tourism marketing and diversification initiatives;
- Cultivating Asia-Pacific business opportunities; and
- Publishing and disseminating statistical and economic research reports.

DBEDT Objectives

DBEDT's overall objectives fall into the following functional areas:

Business Development:

Facilitate the growth, diversification and long-term stability of Hawaii's economy by promoting Hawaii's products and services and attracting business and investment. This functional area includes:

Business Development and Marketing Division
Business Support Division
Energy, Resources, and Technology Division
Foreign-Trade Zone No. 9
Director's Office and Administrative Services Office

Tourism:

Support the development and promotion of alternative and diversified events and attractions for leisure and business travelers that complement Hawaii's traditional resort project, enhance brand identity, assist in overall economic diversification and provide high quality visitor experiences while sustaining Hawaii's natural and cultural resources, community values and resident quality of life. This function includes the **Hawaii Tourism Authority**.

Technology:

Support the development of a technology industry which provides the State's primary source of new jobs and income growth, and which grows to rival tourism

in its contribution to the economy. This includes the **High Technology Development Corporation**, the **Hawaii Strategic Development Corporation** and the **Natural Energy Laboratory of Hawaii Authority**.

Special Community Development:

To stimulate the economic development of specific community districts by planning and implementing community development programs and facilitating capital investment. This includes the **Hawaii Community Development Authority**, **Aloha Tower Development Corporation**, and **Barbers Point Naval Air Station Redevelopment Commission**.

Planning/Research:

Maintain a comprehensive statewide planning process and encourage the development and preservation of lands in the State for those uses which they are best suited for the public health and welfare. This functional area includes the following attached agencies: **Office of Planning** and **Land Use Commission**.

Support statewide economic development by continuing to conduct detailed economic analyses of the overall economy and by performing specific tourism and construction research. Conduct economic planning and analysis of economic issues. This functional area is contained in the **Research and Economic Analysis Division**.

Public Housing:

Serve as the catalyst in providing affordable housing and shelter opportunities to defined beneficiaries in a balanced and supportive environment. This functional area includes the **Housing and Community Development Corporation of Hawaii**.

Business Development and Marketing Division

The Business Development and Marketing Division's mission is to promote industry development and economic diversification by supporting existing and emerging industries, attracting new investment and businesses that can create more skilled, quality jobs in the state, and increasing exports of Hawaii products and services.

The Business Development and Marketing Division (BDMD) program objectives are to:

- attract new business and investment, particularly in the knowledge-based industries, that will help to diversify Hawaii's economy;
- promote Hawaii as an attractive place to do business;
- create new jobs;
- develop new markets for Hawaii's firms;
- increase local sales and exports of Hawaii products and support the retail industry; and
- increase exports of Hawaii's professional services, particularly in medical/health and wellness, education and training, and infrastructure and resort development.

To meet these objectives within the biennium (2000-2001), efforts were directed towards attracting investment and business, enhancing the image of Hawaii from a leisure destination to a convention and business venue, assisting Hawaii firms to increase productivity through the use of technology, promoting knowledge-based sectors, and promoting exports and import substitution.

BDMD continued to target high-potential education and training opportunities that not only provide short-term revenue opportunities, but also help to achieve some of Hawaii's critical, structural objectives such as economic diversification and capital attraction.

Program Performance Results:

Attracting New Business And Investment

- BDMD facilitated the investment by the Japanese companies, Fuji Chemical Industry and Micro Gaia Company, for their first large micro-algae operation. Micro Gaia Hawaii broke ground on a million-dollar, 20-acre site at the Maui Research & Technology Park in Kihei, Maui in February 2000. Its production facility is expected to hire up to 100 people.
- Initiated a major program to attract call centers to Hawaii and facilitated the establishment of four new call centers; generated international awareness of Hawaii as a location for call centers through conference participation, cooperative advertising, and the establishment of the Call Center Hawaii website. Approximately 140 new jobs were created in the call center industry during this period.

Promoting Hawaii As A Place For Business

- BDMD worked to bring the 33rd Pacific Basin Economic Council's (PBEC) International General Meeting to Hawaii in March 2000 to showcase Hawaii's convention center and business activities. Prepared the brochure *Hawaii Global Islands* for distribution at the PBEC Meeting, which has since been utilized as a key marketing publication.
- DBEDT/BDMD, in conjunction with the Hawaii Tourism Authority and Governor's Office, successfully secured the hosting of the Asian Development Bank (ADB) Annual Meeting on May 7-11, 2001. Major international meetings and conferences— such as the ADB Annual Meeting— are unique opportunities to link Hawaii firms with Asian-Pacific as well as North American businesses. BDMD organized a Hawaii Business Forum, specifically for the local business community, on doing business with the ADB and opportunities in the Asian region.
- In January 2000, BDMD attracted a major symposium of the Association for Promotion of International Cooperation (APIC) to Hawaii. Over 100 officials and executives from Japan and the U.S. attended the symposium that provided a networking opportunity for Hawaii's business community. A special session on "Hawaii: Global Partner in Resort and Tourism Development" was organized to include Hawaii firms that presented their expertise on sustainable tourism development, master planning of resort development, and cultural tourism.

Developing New Markets and Business Opportunities for Hawaii

- A 37-person mission from Hawaii attended the DBEDT-sponsored Hawaii Experience in Taiwan 2000, in June 2000, to highlight the State's emerging high tech industry, education and training capabilities, and unique products. There were several concrete results: a Taiwan firm committed to provide about \$750,000 for a China project with a Hawaii firm and to raise \$8.5 million of venture capital from Taiwan; another Hawaii tech company found a distributor for its software in Taiwan. Following the mission, the Minister of the Interior and Governor of Taiwan Province, Dr. Po-Ya Chang, visited Hawaii along with a delegation of Taiwanese businesspeople seeking investment opportunities in Hawaii.
- BDMD organized with the Honolulu Japanese Chamber of Commerce, the Hawaii Tourism Authority and the Hawaii Visitors & Convention Bureau a mission to Hiroshima and Fukuoka, Japan in November 2000, to promote school excursions to Hawaii. Twenty-one representatives of schools, educational programs, educational attractions, government and business participated in the mission. HJCC estimated \$1.6 million in return-on-investment from DBEDT support.

- In November of 1999 and 2000, BDMD supported missions to the Philippines promoting Hawaii's professional services, trading, and the export of steel-framed housing and construction. Delegates participated in the Philippine International Construction Machineries and Building Materials Exhibition. Over 15 Hawaii companies from the Hawaii Steel Alliance displayed a steel-framed house and other construction products at the Hawaii pavilion. Potential impact: \$1,000,000 per year.
- A mission to Shanghai in October 2000, discussed business and education and training opportunities in Hawaii. BDMD facilitated a contract between a Hawaii-based firm that develops managed distance learning courseware and a company in China, and helped secure an educational agreement between the University of Hawaii at Manoa's College of Business Administration and the Shanghai University of Finance and Economics.
- An agreement BDMD facilitated between China's Guangdong Province and UH-Manoa's College of Business Administration (initially a 5-year pilot training program) has been extended indefinitely. Under this agreement, senior administrators from the Guangdong government attend a one-year leadership and management training program. The first group of ten administrators, which arrived in early December 1999 graduated in December 2000.
- In December 2000, DBEDT led a mission to Guangdong, China, to promote tourism training and services in partnership with the University of Hawaii system and the private sector. Seminars on sustainable tourism development were held in Guangzhou and Zongshan and were hosted by the Guangdong Provincial Tourism Authority and the Guangdong Foreign Affairs Office. A state-to-state tourism development cooperative agreement between Guangdong and Hawaii is under consideration as a means of facilitating the development of tourism resources and training in Guangdong.

Promoting Exports of Hawaii's professional services in Education, Medical/Health, and Infrastructure Development

- Instituted "Health Care Forums '99 and 2000," a series of briefings throughout the year on medical and health care trends and opportunities overseas.
- Organized and produced two "*DBEDT-Asian Productivity Organization (APO) Study Meetings on Health Care Management: Medicine, Business and Public Policy*" in December 1999 and August 2000, for a total of 50 high-level representatives from across the Asia-Pacific. These study meetings showcased Hawaii's expertise in medical and health care administration and management, and training medical/health-related professionals.
- Organized and coordinated Japan Medical Journalists Mission, September - October 1999. BDMD hosted 11 journalists from Japan to visit Hawaii hospitals

and interview medical and health officials. This resulted in 30 articles in nine magazines totaling 107 pages on Hawaii's medical and health care services and advantages.

- Organized *Bridging East and West: Expanding Boundaries in Health Care*, with the UH School of Nursing, an international conference on complementary and alternative medicine that featured Hawaii as a location for non-traditional health services while promoting the State as a wellness destination. Attended by 250 people from overseas, the U.S. mainland, and Hawaii.
- In June 2000, BDMD organized and produced *The Governor's Conference on Health and Wellness Tourism for the Japanese Senior Market*, attended by 200 Hawaii tourism and health industry leaders, Japanese business representatives, and the Japan-based Foundation for Senior Renaissance members. The program provided information on attracting the senior travelers to Hawaii.
- Produced and released both the *Hawaii Continuing and Elderly Care Services Directory* and the *Hawaii Medical Services Directory*. Thousands of copies of these English/Japanese resource books were distributed.
- Promoted Hawaii's resort development, design, architectural, engineering and construction-related industries by producing and distributing over 8,000 copies of *Hawaii's Resort and Infrastructure Consultants Directory*.

Promoting Local Sales/Retailing and Exports of Hawaii's Products

- Supported the participation of members of the Hawaii Fashion Industry Association (HFIA) in the U.S. Apparel Show at the International Fashion Fair that was held in Tokyo in January 2000. Approximately \$450,000 in immediate and future sales was generated for the participating companies. Also supported HFIA's year-long campaign: *2000, the Year of the Aloha Shirt*.
- Co-sponsored the Fourth and Fifth Annual *Made In Hawaii* festivals that were held in August of 1999 and 2000. The festivals featured products from over 400 local companies. Attended by about 31,000 visitors, the festivals generated approximately \$8.0 million in immediate and future sales in 2000 and \$2.5 million in sales in 1999.
- Co-sponsored the *Pacific Islands Arts Festival* that was held in July 2000 which generated approximately \$20,000 in immediate sales for the participating vendors and was attended by several thousand visitors.
- Supported Hawaii's industry/product associations to generate additional sales, namely: a) Big Island Products Board (BIPB)- Supported BIPB's participation in the 4th and 5th Annual *Made In Hawaii* festivals; co-sponsored a gift buying guide that appeared in *Hawaii Magazine* and Aloha Airline's in-flight magazine, among

others. It is estimated that these activities generated approximately \$100,000 in sales and 200 wholesaler contacts for BIPB's members; b) Made in Maui Trade Council (MIM) – Supported MIM's advertising campaign in Aloha and Hawaiian Airlines' in-flight magazines, as well as in *Hawaii Magazine* and the 1999 *Maui Vacation Planner*, among others. Also supported MIM's participation in the 1999 *Hawaii Hotel & Restaurant Show*, in July 1999 and the *Hawaii Lodging, Hospitality & Foodservice Expo*, in July 2000. These activities are estimated to have generated tens of thousands of dollars in product sales and 3,000 inquiries to MIM's members; and c) Kauai Products Council (KPC) - Supported KPC's Products and Craft Shows that were held throughout Kauai and elsewhere. It is estimated that these events generated approximately \$400,000 in product sales for the participating vendors.

- Supported the Hawaii Forest Industry Association's efforts to market and promote Hawaii's forest industry. Activities included the development of a branding program, including registration of a logo, the development and printing of a *Resource Guide & Directory* and a publicity campaign aimed at local and national media.
- Co-sponsored the Hawaii International Air Cargo Symposia, "*Optimizing Hawaii's Air Cargo Potential Today and Tomorrow: Developing the Export Market*" in September 1999 and "*Air Cargo Logistics in the 21st Century: From Local to Global*" in October 2000. The symposium explored Hawaii's strategic future in the global marketplace. The program included presentations and discussions on the issues and conditions affecting Hawaii's air cargo industry.
- Co-sponsored the Retail Merchants of Hawaii's annual statewide conferences "*Beginning the Future...Now*", held in September 1999 and attended by over 600, and the 2000 statewide conference, "*Quarterbacking the Future of Retail*" that was held in October 2000 and attended by over 500 people.
- BDMD published and distributed the monthly newsletter, *Trade/Invest*, which highlights international business events, trade opportunities, and market reports. BDMD also continues to update its existing database that supports the on-line interactive directories, *Product Source Guide* and the *Hawaii International Trade & Services Directory*.
- To highlight the outstanding achievements of local businesses in exporting their products and/or services overseas, DBEDT sponsored the 2nd and 3rd Annual *Governor's Exporters of the Year Award* Programs that were held in September of 1999 and 2000. The achievements of successful Hawaii exporters in six categories were recognized. Co-sponsored the workshop, "*Hawaii—Global Islands: Lessons in Exporting*" in June 2000 at the Japanese Cultural Center of Hawaii featuring the awardees of the Governor's Exporters Award Program.

- Co-sponsored the two-day workshop, *Eco-Business Opportunities in Micronesia* that was held at the Radisson Waikiki Prince Kuhio Hotel on July 11-12, 2000. The workshop provided the business professional and government official with vital information needed in order to do business in the Federated States of Micronesia, and the Republics of Kiribati, Nauru, Palau, and the Marshall Islands.
- Supported KITV's *Kama'aina Christmas* campaign that ran from mid-November through December 2000. The campaign included 30-second customized commercials for up to 10 local retailers who had at least 75% of their inventory in locally-manufactured products. The commercials ran for a 10-12 day time period. In addition, to increase in-store traffic and business during January 2001, KITV provided each business with 1,000 copies of *Kama'aina Christmas in January!* The sheet included coupons/offers from each of the 10 businesses to encourage shoppers to re-visit the retailers.
- Co-sponsored the 14th Annual Governor's Fashion Awards that was held at the Hilton Hawaiian Village on September 21, 2000.
- Participated in HVCB's 2001 national mall tour, *Experience Aloha, Hawai'i on Tour* that was in fourteen (14) North American cities, by overseeing the design, fabrication, and installation of a "Made in Hawaii" booth that included a display of Hawaii products.
- Co-sponsored the two-day conference, *Hawaii Agriculture 2001 Sustainable & Profitable AgriBusiness Today* that was held at the Waiakea Villas Hotel on January 26-27, 2001. The conference showcased innovative agricultural practices and systems, alternative marketing strategies, and successful examples of agricultural enterprises that are profitable and environmentally responsible.
- Co-sponsored the seminar, *How to Get Your Book Published in Hawaii* that was held at the University of Hawaii on June 23, 2001. The seminar was directed to potential authors, illustrators, and editors and provided information and advice about how to publish books in Hawaii.
- Coordinated a workshop on *Accessing Japan Business Markets and Capital* featuring a prominent venture capital firm, CTR Ventures, and international law firm, White and Case. Program provided advice and assistance to Hawaii firms interested in obtaining venture capital.
- Conducted a workshop on *Japan School Excursions* for vendors and educational programs and institutions interested in the school excursions market.
- Organized and conducted a "Medical Study Mission to Japan" consisting of 18 representatives of Hawaii's medical and health-related industry. Visited over 15 institutions throughout the mission.

- With the Honolulu Japanese Chamber of Commerce, conducted a *Japan School Excursions Promotion Mission* to Hiroshima in May 2001.
- Organized and produced a “DBEDT-Asian Productivity Organization (APO) Study Meeting on E-Commerce” in June 2001 for 20 high-level representatives from across the Asia-Pacific. This study meeting showcased Hawaii’s expertise in information technology and e-commerce.

For more information contact:

Business Development and Marketing Division
250 S. Hotel St., 5th Floor
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-587-2784

Fax: 808-587-2787

URL: <http://www.hawaii.gov/dbedt>

Business Support Division

The Business Support Division's mission is to help new and existing businesses through direct loans, licensing and permit information and referral, business advocacy, planning and coordination of programs and projects aimed at specific business sectors or economically-distressed areas, including rural areas and areas affected by natural disaster; and to promote the statewide economic development of the film and video industry in Hawaii.

The Business Action Center

The Business Action Center (BAC) provides one-stop, comprehensive information on business license and registration requirements and facilitates the licensing process businesses have to go through when starting or expanding their business in the state. It identifies, verifies, and disseminates business information from federal, state, and county agencies and private sector business assistance organizations through a single source, thus saving time, money, and frustration on the part of entrepreneurs. The center distributes business license and permit applications, assists with the completion of forms, and forwards forms with applicable fees to the appropriate agency.

In calendar year 2000, BAC responded to over 20,000 inquiries for business start-ups and licensing. The program has helped more than 210,000 people and businesses since opening 11 years ago and is embarking on a program to provide enhanced services via the Internet. The BAC also processed over 8,000 applications for the Departments of Taxation, Commerce and Consumer Affairs, Labor and Industrial Relations, and the Internal Revenue Service.

Activity Summary

- Clients assisted in person, by telephone, mail, fax and email
- Planned: 20,000, Actual: 19,900
- Business applications and licenses processed
- Planned: 6,500, Actual: 7,814
- Outreach engagements
- Planned: 65, Actual: 67

For more information contact:

Business Action Center
1130 North Nimitz Highway
Second Level, Suite A-254
Honolulu, HI 96817

Phone: 808-586-2545

Fax: 808-586-2544

URL: <http://www.hawaii.gov/dbedt/bac>

The Business Advocate

The Business Advocate works with businesses and business organizations that are often unaware of proposed administrative rule changes. The Business Advocate reviews, analyzes and comments on the business impact of all proposed rule amendments and new rules.

For more information contact:

Business Assistance Branch
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-586-2594

Fax: 808-586-3833

URL: <http://www.hawaii.gov/dbedt/barules.html>

Community Based Economic Development

The Community Based Economic Development program provides both financial and technical assistance to eligible non-profit community organizations that enables them to plan and implement economic development projects and ventures that provide employment opportunities, build economic capacity, strengthen identity, and help to retain and create cultural anchors.

The goals of the CBED program are to:

- develop partnerships to better leverage public funds.
- create criteria that identify high impact projects.
- develop a public relations strategy to more effectively educate the public and private sectors about the program.
- institutionalize the CBED Program to become an important component of the statewide economic development plan.
- develop a comprehensive training and technical assistance plan.
- streamline the approval process for grant agreements.

In FY 2000, six non-profit community organizations received CBED grants and loans totaling \$155,880. This total was matched by an estimated \$1,501,030 from over 30 other funding sources, resulting in over \$1.65 million for economic development projects statewide and creating nearly 400 new jobs.

In FY2000, the CBED Program co-sponsored eight two-day community-based organizational training workshops that began in August 1999 and extended through March 2000.

For more information contact:

CBED Program
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-586-2582

Fax: 808-586-2589

URL: <http://www.hawaii.gov/dbedt/cbed/>

The Enterprise Zone (EZ) Partnership

The Enterprise Zone Partnership promotes specific types of business activity and job creation via tax and other incentives in geographic areas selected by the counties and approved by the Governor. Areas selected for EZ designation must satisfy legislatively mandated unemployment or income criteria. Each county can select up to six zones. Eligible businesses can receive EZ tax benefits for up to seven consecutive years. EZ benefits are contingent upon meeting annual EZ hiring requirements and include waiver of the General Excise Tax and income tax credits.

The goals and objectives are to:

- optimize the number, type, and quality of participating businesses and jobs created relative to the amount of tax relief granted.
- encourage the counties to nominate all eligible areas where job creation and economic diversification are most needed or appropriate. Currently, 17 zones exist statewide. This includes six in Hawaii County, five in Kauai County, and three each in Maui County and the City and County of Honolulu.
- adjust business eligibility and tax incentives as necessary to optimize program performance.

For more information contact:

Enterprise Zone Partnership
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-586-2593

Fax: 808-586-2589

URL: <http://www.hawaii.gov/dbedt/ezones/>

Film Industry Branch

The mission of the program is to promote Hawaii as the premier tropical location for film and television production and to develop Hawaii as a film friendly, cost-effective environment in which to do business. The goals and objectives of the program are to increase film and television production activity, locally, nationally and internationally, in

terms of production expenditures and tax revenues, thus contributing to the State's overall economic diversification. In addition, the program serves to support projects that promote the image of Hawaii through motion picture and television programs worldwide.

Advertising in Trade Publications

- A new statewide advertising campaign was started in 1999 that emphasizes the unity of the islands as a film location under the banner, "Film Offices of the Hawaiian Islands."

Hawaii Production Index

- A resource directory was developed to spotlight and market the Hawaii film and television industry. Approximately 500 are distributed at the *Locations* trade show in Los Angeles, and 200 in Tokyo.

Film Festivals

- The Branch sponsors film festivals annually, including the Sundance Film Festival, the Hawaii International Film Festival, the Maui Film Festival, and Ohina, the young directors short film festival.

Trade Shows

- The Branch participates in *Locations*, the official trade show of the Association of Film Commissioners International. There are approximately 175 exhibitors representing government film offices, accommodations, production facilities, and private locations.

International Marketing – Film Hawaii USA

- Up to this time, the majority of international marketing has been focused on Japan, particularly through an event called Film Hawaii USA.

Hawaii Television and Film Development Board (HTFDB)

- HTFDB was created by the Legislature in 2000 to provide industry and labor input to a coordinated effort of promotion and awareness.

Film Permitting

- The branch administers a statewide system for a one-stop film permit process. The branch processes approximately 700-800 permits a year to filmmakers applying to film on state land/property.

Hawaii Film Studio

- The branch manages the Hawaii Film Studio near Diamond Head which is available for short or long-term rental to production companies.

For more information contact:

Film Industry Branch
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-586-2570

Fax: 808-586-2572

URL: <http://hawaiifilmoffice.com>

Financial Support Branch

The Financial Support Branch administers three direct business loan programs to ensure that financing is made available to small businesses unable to obtain loans from commercial lenders.

- Hawaii Capital Loan Program provides direct loans to SBA-defined small business in manufacturing, wholesaling, retailing services, long-term care providers, and underground storage tank owners/operators.
- Hawaii Innovation Development Loan Program provides loans that promote the development of new products or inventions.
- Disaster Commercial/Personal Loan Program assists businesses and individuals who suffer damage in a state-declared natural disaster or as alternative loans to those not able to qualify for an SBA loan in a federal-declared natural disaster.

Program Results

- Tax revenue from business loan recipients: \$400,000
- Number of firms requesting loans: 17
- Firms seeking start-up/expansion capital: 17
- Number of new or modified loans approved: 16

Energy, Resources and Technology Division

The Energy, Resources, and Technology Division (ERTD) supports statewide economic efficiency, productivity, development and diversification by promoting, attracting and facilitating the development of Hawaii-based industries which engage in the sustainable development of Hawaii's energy, environmental, ocean, recyclable, and technological resources.

The Energy, Resources, and Technology Division program objectives are to:

- stimulate economic development and diversification by developing and marketing technologies and technology-based enterprises and resource-based industries with a strong export focus;
- increase economic efficiency and productivity and business competitiveness by promoting and facilitating energy conservation and efficiency, recycling and remanufacturing;
- reduce risks to Hawaii's economy by developing cost-competitive indigenous sources of energy to reduce dependence on imported fossil fuels which increases economic productivity;
- increase energy security for the state by developing comprehensive plans to meet state energy policy objectives and contingency plans to effectively deal with energy crises; and
- increase non-state funding support to accomplish the foregoing program objectives which support technology and resource-based economic development.

To meet these objectives within this biennium (2000-2001), efforts have been directed towards the following activities:

- Facilitating the increase of commercial exports of U.S. energy, environmental, ocean, recyclable technologies and related services from Hawaii into Asia/Pacific markets: Double the size of the sector by 2010 using 1999 as baseline.
- Increasing state facilities' energy efficiency by providing technical assistance on reducing government buildings' energy consumption: Cut energy use in buildings by 20% by 2010.
- Assisting Hawaii's economy in becoming more efficient and productive by encouraging utility efficiency and other programs that reduce energy consumption in residential and commercial buildings: Cut energy use 35% in new buildings, 20% in retrofits, by 2010.
- Assisting Hawaii's economy in becoming more efficient and less vulnerable to fuel price variations by facilitating the increased use of renewable, indigenous

energy resources for power generation: Achieve at least 10% electricity generated by renewables by 2010.

- Assisting Hawaii's economy in becoming more resilient by conducting at least one energy emergency preparedness exercise annually with participation by Hawaii energy companies and other relevant government agencies.
- Leveraging Hawaii's taxpayers' money and contribute to the efficiency and effectiveness of State government: Develop at least 25% of ERTD's annual budget from sources other than State funds; e.g., federal grants, etc.

Program Performance Results:

The following programs have helped to achieve technology-based economic development goals by increasing exports, and developing policies, industries and a workforce for the future.

- Strategic Technology Market Assessment and Development (STMAD) Program. The STMAD Program facilitates increased exports of products and services from Hawaii's technology- and resource-based enterprises and industries into the Asia/Pacific Region. Approximately 850 Hawaii companies involved in various technology and related service enterprises have been identified and placed into a database that facilitates outreach efforts. ERTD pooled resources with the High Technology Development Corporation (HTDC) to gather data on the status of Hawaii's high technology industry. The final report on Hawaii's high technology industry can be viewed at http://www.htdc.org/Business_Survey/2001/.
- Center for Asia-Pacific Infrastructure (CAPID). CAPID is a matchmaking vehicle for Hawaii firms to engage with potential clients from the Asia-Pacific. CAPID conducts and sponsors special training and activity formats that focus on infrastructure development with an emphasis on energy and environmental technologies. CAPID assists Hawaii's small and medium-sized businesses with business contacts and facilitation needed to export infrastructure technology and related services to the region. The CAPID Website may be found at <http://www.hawaii.gov/dbedt/capid>.
- Hawaii-Philippines Sustainable Energy Technology & Policy Collaboration. In May 1997 a historic Memorandum of Understanding (MOU) was signed by Governor Cayetano and then Philippine Energy Secretary Francisco Viray for a cooperative assessment of Philippine biomass-to-energy potential, with at least two commercial bio-energy projects included as case studies. ERTD initiated a collaborative energy efficiency and renewable energy technology and policy exchange project focusing on: energy service company industry development; energy performance contracting; building codes and standards; increasing energy efficiency in government facilities; and renewable energy projects. In 2000 and 2001, under sponsorship of the United State Department of Energy, ERTD

assisted the Philippines Department of Energy in developing a national energy management program in that country, modeled after the U.S.-based Federal Energy Management Program (FEMP). These activities are intended to increase the market for Hawaii companies that provide services in these fields.

- Asia-Pacific Sustainable Technology Partnerships. Several additional projects in other Asia-Pacific countries similar to the Philippines collaboration are ongoing or planned. For example:
 - Southeast Asia Sustainable Infrastructure Development Initiative involving the Asian Development Bank, China, Vietnam, Thailand, Cambodia and Laos;
 - Hawaii-Hainan Sustainable Energy Technology & Policy Collaboration involving a preliminary assessment of commercial renewable and energy efficiency project opportunities in Hainan Province, China, and a business development mission; and
 - Hawaii-Malaysia Sustainable Energy Technology & Policy Collaboration involving the Malaysia Prime Minister's Office and the Malaysia Energy Center.
- Millennium Workforce Development Training Program. This activity facilitated development of the local workforce to meet the needs of Hawaii's technology-based industries.
- Japan-U.S. Science, Technology & Space Applications Program (JUSTSAP). JUSTSAP is an association of scientists, educators, business, and government officials and students from both nations dedicated to promoting bilateral collaboration in the research, development and application of technologies beneficial to the Asia-Pacific region. The State of Hawaii is the JUSTSAP Secretariat.
- Hydrogen Fuel Production Project. DBEDT contracted with the University of Hawaii's Hawaii Natural Energy Institute to develop a preliminary feasibility assessment of the large-scale use of hydrogen as a fuel for transportation and power generation. Hydrogen fuels offer potentially significant opportunities for diversifying the state's energy mix – promoting higher energy efficiencies, distributed power generation, and a reduction in the production of greenhouse gases.
- The division also promotes energy efficiency investments to create jobs and increase economic efficiency and productivity.

The ERTD continues to design and implement programs that facilitate increased energy efficiency in residential buildings, as well as commercial and government facilities. Increases in residential and commercial building efficiency through performance contracting, *Rebuild America* projects, demand-side management, and the Model Energy Code are estimated to result in the following savings:

- All programs are expected to achieve cumulative savings of 202,000 bbls of oil per year in 2003, and 378,000 bbls of oil in 2013. Peak electricity demand savings: 2.8 mw per year, reaching 25 mw by 2001 and 50 mw in 2011.
- The Model Energy Code is estimated to result in \$241 million in utility cost savings for Hawaii businesses and homeowners, and is equivalent to enough electricity to power 16,000 homes for 20 years. New construction compliance has rate of return over 30%. An evaluation revealed an 87% rate of Code compliance.
- Estimated benefits to Hawaii's economy from a combination of performance contracts, energy efficiency programs, and utility DSM programs, include: 95.2 GWh energy savings; \$12.1 million annual savings; 935 jobs created; \$60 million in direct income to the economy and 90,000 tons of CO2 reduction. Since completion of construction in 1997 and as of June 2000, the University of Hawaii at Hilo performance contract saved \$2 million, Hawaii County saved \$232,776, and the County of Kauai saved \$335,122.
- Homes for Energy Performance and Value. In partnership with the Honolulu Chapter of the American Institute of Architects, ERTD developed *Guidelines for Energy Performance, Comfort and Value in Hawaii Homes* for architects, builders and homeowners. The guidelines offer design concepts for building homes that are comfortable without air conditioning and more energy efficient, durable, and economical to operate.

In an historic partnership with the U.S. Department of Energy, State Department of Hawaiian Home Lands, Honolulu Chapter AIA, Building Industry Association of Hawaii (BIA), Honsador Lumber Corporation, and Hawaiian Electric Company, Inc., ERTD developed and built a model demonstration home in Waianae Valley, Oahu. It embodied the "three big bang" techniques of the Guidelines: Insulation/radiant barrier, HECO-approved solar water heater system, and natural ventilation. The project was awarded a Certificate of Recognition from the U.S. Department of Energy and a Commendation from Governor Benjamin Cayetano.

- As a follow-up to the model home project, ERTD worked with the BIA to develop criteria for the Hawaii BuiltGreen TM Home Program, which is a self-certification residential energy efficiency program based upon similar mainland programs.
- Recycling Technical Assistance Program. Developed and distributed recycling and reuse industry directories and maps, *Y2K Directory of Environmental Businesses in Hawaii*, best management practices fact sheets and resource list for energy and resource-efficient building publications.

- Construction and Demolition Recycling and Reuse Technical Assistance Program. Through a program co-funded by the U.S. Environmental Protection Agency's Jobs Through Recycling Program and State matching funds, the Clean Hawaii Center has conducted a statewide series of seminars and workshops on best management practices for construction waste minimization and reuse organizations. Results include: Diversion of hundreds of tons of construction and demolition material from the landfill; reduced disposal fees for contractors; tax deductions for donors of used building material and furnishings; and reusable resources for non-profit organizations statewide.
- Performance Contracting and Rebuild Hawaii. Performance contracting continues to be an effective way for government agencies to reduce energy costs. During the year the Hawaii Army National Guard, the Public Library system, the Judiciary, City & County of Honolulu, and the Hawaii Healthcare Systems Corporation were in various stages of implementing performance contracting projects. There are 13 Rebuild America partnerships in the State which form the base of the Rebuild Hawaii Consortium, a 150-member information sharing group of government agencies at all levels, utilities, private sector businesses, non-profit organizations and others linked by common concern and commitment toward energy efficiency. DBEDT has leveraged more than \$400,000 by assisting Rebuild partners implement energy saving projects in the State.
- Hawaii Brownfields Assessment Program. DBEDT has initiated the Hawaii Brownfields Assessment Demonstration Pilot to facilitate the identification, evaluation, and selection of State and County Brownfields sites with the greatest redevelopment potential for open space or economic development. This will enhance the State's Voluntary Response Program by providing a formal network and task group committed to Brownfields redevelopment in Hawaii.
- Hawaii Energy Strategy 2000. Extensive computer model-based analyses on Hawaii's total energy system were used to develop the *Hawaii Energy Strategy 2000*. The development process for *HES 2000* included a public workshop to review and comment on various energy strategies' economic and environmental impacts on Hawaii. *HES 2000* contains recommended strategies to improve the sustainable development of Hawaii's energy systems and resources, reduce oil dependency and greenhouse gas emissions and other environmental degradation, maintain energy emergency preparedness, increase energy efficiency and use of renewable energy resources, and facilitate increased exports of sustainable energy technologies and services from Hawaii to the Asia-Pacific region.
- Energy Hazard Mitigation Projects. ERTD initiated in January 2001, a project to document minimum emergency power needs of Hawaii's emergency and essential service facilities having a requirement for emergency generator support. The objective of this project is to enable generators to be allocated effectively in response to a disaster. This project obtained \$50,000 in federal hazard mitigation

funding from the Federal Emergency Management Agency, to leverage state funding for this 12-month project.

ERTD continues to leverage internal program dollars by raising non-State funds.

- Competitive Federal Grant Awards. Since the beginning of this administration, the ERTD has developed approximately \$3.4 million in new cash funds, excluding in-kind and other resources developed for mission-related activities. Since the Biennium began, approximately \$969,542 of federal funds have been competitively developed, with \$544,542 won in FY2000 alone. These funds support the full range of ERTD program activities.
- Of 57 states, territories, and independent governmental entities, Hawaii ranks in the top 12 for winning federal energy funds through national competitive proposal processes. In the last three years, DBEDT has brought to the state more than \$1.9 million in federal funds for energy efficiency programs.

For more information contact:

Energy, Resources and Technology Division
235 S. Beretania St., 5th Floor
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-587-3807

Fax: 808-596-2536

URL: <http://www.hawaii.gov/dbedt/ert>

Foreign-Trade Zone No. 9

The Foreign-Trade Zone (FTZ) Division oversees a statewide foreign-trade zone program of thirteen federally approved sites in three of Hawaii's four counties. The Division helps to expand and diversify the state's economic base by providing qualified Hawaii companies with ways to reduce their operating costs and thereby compete more effectively in foreign markets. The FTZ Division also operates a common-use, incubation-type facility at Pier 2, Honolulu Harbor that is open to the importing and exporting public.

Foreign-Trade Zone No. 9 is operated as a public utility making the various economic advantages of the Foreign-Trade Zone program available to all qualifying importing and exporting businesses, regardless of size or country of registration.

For more information contact:

Foreign Trade Zone No. 9
Pier 2
521 Ala Moana Blvd.
Honolulu, HI 96813

Phone: 808-586-2507
Fax: 808-586-2512

URL: <http://www.ftz9.org>

Research and Economic Analysis Division

The Research and Economic Analysis Division (READ) enhances and contributes to the economic development of the State by providing information, analyses and policy recommendations on economic issues, providing economic forecasts, and by conducting and reporting on basic research into the state's economy.

READ strives to achieve the following program objectives, which are important to informed State policy making, business planning and public understanding of economic conditions:

- Develop and provide accurate and complete statistics to assist decision-making by the State departments, the legislature, and the business community. This requires collecting and compiling statistics from private and public sources, maintaining and developing electronic databases of time-series and other economic information, preparing statistical reports on various subjects including the widely-used *State of Hawaii Data Book*, anticipating needs, overcoming information deficiencies, and monitoring state statistical programs for accuracy and validity.
- Conduct tourism research program activities including: the *Domestic and International Basic Data Survey*, the *Visitor Satisfaction Survey*, the *Visitor Expenditure Survey*, the State's *Visitor Plant Survey*, producing monthly, quarterly and highlight reports on visitor activity, publishing the annual visitor research report, and other research projects as necessary.
- Initiate research into potential economic issues that will assist the response of the department or state to a range of factors affecting Hawaii's economy from changes in national and global economic conditions to the economic impact of natural and economic disasters.
- Estimate expenditure components of Hawaii's Gross State Product consistent with the Bureau of Economic Analysis GSP series.
- Maintain and improve short-run and long-run econometric models that permit government and business to plan for the future.
- Develop and utilize the Input-Output Model of Hawaii's economy to estimate the impact of demographic and economic changes on employment, output, income, and tax revenues.
- Provide reference and referral services to public and private agencies on behalf of the department.
- Maintain the DBEDT Library to serve as the State's primary repository for in-depth economic development and planning documents, and provide information needed by the department, businesses and other government agencies.

- Manage the Hawaii State Data Center, which is the primary contact point between the state and the U.S. Bureau of the Census.

Program Performance Results:

Program effectiveness is measured by the response to actual or anticipated requests for information. This is reflected in the amount of information produced by the program, its accuracy, its timeliness, accessibility and the initiative of the program in responding to the need for information and economic guidance to address unforeseen economic events. The program routinely makes its information and reports available on the Internet for easy public access, in addition to printed form.

Over the past two years the program's effectiveness has not significantly varied from published measures. However, the transfer of the Visitor Industry research program from the Hawaii Visitors and Convention Bureau (HVCB) has caused an increase in the number of publications produced by the program. Fiscal year 2000 was the first full year in which the program was responsible for tourism research that was transferred from the HVCB by Act 156, SLH 1998.

The 33rd edition of *State of Hawaii Data Book 2000*, a compilation of over 700 statistical data tables, was produced (and published early in Fiscal Year 2002). *The State of Hawaii Data Book* is a unique and valuable reference and resource for tracking trends and conducting analyses of Hawaii's economy demography and social characteristics.

The program also produced its monthly *Selected Economic Activities Report*, which contains data on labor, taxes, construction building permits, and tourism. The data covers the State, the City and County of Honolulu, Hawaii County, Maui County and Kauai County.

The program implemented the Internet site, *Hawaii Census 2000*, in April 2001. This site is regularly updated with new Census 2000 data that are extracted by the Hawaii State Data Center. Two Census related reports were published during the 2001 Fiscal Year: *2000 Census Tract Names* and *1990 and 2000, Resident Population for the State of Hawaii*, (HSDC 2000-1; April 2001) and *Population by Major Race Categories Alone or in Combination for the State of Hawaii* (HSDC 2000-2; June 2001).

Four Census workshops were sponsored by the program's Hawaii State Data Center. Other Census Workshops were held on Oahu and the Neighbor Islands and were conducted by staff of the Census Bureau's Los Angeles Regional Office. These workshops provided information on release dates and how to access data from the Economic Census, and the 2000 Census of Population and Housing.

Eight issues of the *Quarterly Statistical and Economic Report* were produced. This report, which contains recent statistical data and an overview and short-term forecast of Hawaii's economy, is widely used by government agencies, especially when data needs to be prepared for the sale of Hawaii's periodic bond issues.

The program produces and reports DBEDT's monthly *Leading Economic Indicator* (LEI). The LEI is designed to anticipate movements in the economy five to ten months in advance.

Information of a more general nature was produced in *State of Hawaii Facts and Figures*, which provides information on the State and each of the four counties and is used in mailings and inclusion in information packets to interested businesses or individuals.

The DBEDT Library provided answers to over 9,000 reference questions and maintained the department's Internet site, which received nearly 1.4 million hits.

A number of key reports on visitor statistics were produced by the program, including:

- A visitor highlights report on monthly basis, presenting statistics on visitor characteristics such as arrivals by market, island visitation, purpose of trip, length of stay, and type of accommodation used.
- The *1999 and 2000 Annual Visitor Research Reports*, providing detailed visitor statistics. The report serves as a valuable reference and data source for the visitor industry for business planning and marketing.
- The *1999 and 2000 Visitor Plant Inventory Reports*. These reports provide information on the number of visitor accommodation units by location, class, and property type. The information is valuable for government and businesses for infrastructure planning.

New visitor-related surveys and improvements to existing surveys were also initiated over the period in order to expand the quality of information on the visitor industry. These activities are improving our understanding of visitors to the Neighbor Islands as well as visitor expenditures and characteristics of cruise ship visitors.

The program is the lead agency in an effort to study the impact of visitor growth on Hawaii's economy, infrastructure and environment, called "Planning for Sustainable Tourism in Hawaii." Three prime contractors are currently working on aspects of the project, which will extend through 2003.

Many ongoing projects to produce reports of value to business and the public were carried out during the period. Examples include the production of several issues of *Hawaii's Economy*, a periodic economic report that provides in-depth analysis of major topics about the economy such as technology, retailing, construction, the military sector and tourism.

To make its economic information and reports more timely, cost-effective and accessible to the public, a number of reports were published online in the form of "e-reports." Examples include the reports *Hawaii's Expanding Tech Sector*, *Federal Activities and*

Hawaii's New Economy, and special reports on the economic effects of the 9-11 tragedy. The division also produced the Governor's report, *Hawaii's Emerging New Economy*.

Economic analyses on issues such as hotel construction tax credits, and incentives for high technology were also undertaken, as were economic impact studies using the Hawaii Input/Output model.

Long-range economic and population forecasts are periodically produced. These data are used by federal, state, and county agencies in their planning processes. The next increment of long-range forecasts through the year 2030 is currently in the first stage of development.

Ongoing activities will continue in order to produce the *State of Hawaii Data Book*, *Hawaii's Economy*, the *Quarterly Statistical and Economic Reports* including the short-run economic forecasts, and monthly releases of the Leading Economic Indicators series (LEI), Selected Economic Activities, and Visitor Statistics.

For more information contact:

Research and Economic Analysis Division
250 S. Hotel St., 4th Floor
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-586-2470

Fax: 808-586-8449

URL: <http://www.hawaii.gov/dbedt/latest.html>

Administrative Services Office

The Administrative Services Office (ASO) managed DBEDT's financial accounts, budget, contracts, personnel, property, risk management program, and other administrative matters.

The Fiscal Staff was responsible for budget preparation, department-wide purchasing, and maintenance of accounts, physical inventory record-keeping, and other related services.

The Contracts Staff offered technical assistance in the development and administration of the department's contracts. Advances were made to establish departmental policies and procedures for proper contract administration and procurement.

The Personnel Staff continued to support the department in the areas of classification, recruitment, pay administration, employee benefits, training, and labor relations.

Communications and Publications Office

The Communications and Publications Office (CPO) supported DBEDT's mission of promoting business startup and expansion and economic diversification through a number of activities.

CPO provided publication and printing services to DBEDT office and staff, and by provided information on State initiatives and activities to the public.

Publication and communication services provided to DBEDT management, its divisions and branches, and administratively attached agencies included writing, editing and publication of various written materials. They include information and promotional pieces, reference publications, collateral materials, newsletters, brochures, and a variety of reports.

To meet its objective of disseminating information on DBEDT activities and services, CPO writes more than 70 news releases and informational materials on department programs and activities each year. The office also prepared speeches and presentations made by DBEDT staff.

CPO also served as the department's point-of-contact for media relations including print, TV and radio as well as the general public. In 2000, CPO responded to more than 3,500 requests for information on State initiatives, activities and statistics on the Hawaii economy.

As the department's external information routing hub, CPO coordinated information requests to all DBEDT divisions and attached agencies. CPO has vigorously moved DBEDT toward lower cost digital dissemination of information. In the last fiscal year, CPO has:

- Encouraged extensive use of the DBEDT Web Site as a source of posting and retrieving information.
- Begun distributing press releases via Internet, Fax and e-mail — creating significant savings in paper, processing labor and postage.

For more information contact:

Communications and Publications Office
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-586-2404

Fax: 808-586-2427

URL: <http://www.hawaii.gov/dbedt>

Aloha Tower Development Corporation

The Aloha Tower Development Corporation (ATDC) was established in 1981 to redevelop a certain area of land surrounding the Aloha Tower in order to strengthen the international economic base of the community in trade activities; to enhance the beautification of the waterfront; in conjunction with the Department of Transportation, to better serve modern maritime uses; and to provide for public access and use of the waterfront property.

The boundaries of the project area called the Aloha Tower Complex include Piers 5 and 6, Piers 8 through 23, and portions of Nimitz Highway and Iwilei.

The ATDC is managed by a Board of Directors, consisting of the Director of Business, Economic Development & Tourism; the Chairperson of the Board of Land and Natural Resources; the Director of Transportation; the Mayor of the City and County of Honolulu; and three citizens from the community.

For more information contact:

Aloha Tower Development Corporation
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-586-2530

Fax: 808-586-3046

URL: <http://www.hawaii.gov/dbedt/atdc>

Barbers Point Naval Air Station Redevelopment Commission

The goal of BPNAS Redevelopment Commission is to promote the redevelopment of the former Naval Base. This is achieved through:

- Coordinating the Conveyance of Properties from the Navy to the End-Users;
- Licensing of the potable water and wastewater systems that serve the non-Navy retained area and providing these services to the end-users on a reimbursable basis;
- Licensing the roadways that are required to maintain public access within the Kalaeloa Community Development District (KCDD);
- Implementing the KCDD Infrastructure Master Plan to support long term requirements; and
- Implementing a Public Participation Plan.

The BPNAS Redevelopment Commission's overall objectives fall into six functional areas:

- **Administration of the BPNAS Community Redevelopment Plan:** The Commission administers the Community Redevelopment Plan and responds to changes as they occur.
- **Infrastructure Master Planning:** Coordinate efforts to implement the KCDD Infrastructure Master Plan to provide for the time-phased development of the properties by their end-users.
- **Rezoning:** The Commission assists end-users in processing requests for zoning changes to classifications required for the intended uses of the properties.
- **Provision of Utilities Support:** License the potable water and wastewater systems that serve the area and provide interim utilities services on a reimbursable basis to the end-users.
- **Operation and Improvement of Roadways:** The Commission has licensed and operates the 15 roadways that provide public access to and through the KCDD.
- **Public Participation:** The BPNAS Redevelopment Commission adopted a Public Participation Plan, which ensures that extensive public participation and input will be encouraged throughout the implementation of the BPNAS Community Redevelopment Plan.

For more information contact:

BPNAS Redevelopment Commission
P.O. Box 75268
Kapolei, Hawaii 96707-0268

Phone: 808-692-7925

Fax: 808-692-7926

URL: <http://www.hawaii.gov/dbedt/annuals.html>

Hawaii Community Development Authority

The Hawaii Community Development Authority (HCDA) was established by the Legislature in 1976 to plan and implement the timely redevelopment of Community Development Districts in urban areas throughout the State, as designated by the Legislature. It was intended that HCDA, as an entity capable of long-range planning and implementation of improved community development, join the strengths of private enterprise with public development to accomplish its objectives.

The Legislature designated the Kakaako area as the first Community Development District, recognizing that it was relatively underdeveloped and underutilized. Furthermore, the Legislature determined that the redevelopment of Kakaako offered a great opportunity to address the need for more housing, parks, open areas, and new commercial and industrial space in urban Honolulu. HCDA's goal for Kakaako is to create a conveniently located community that is attractive and safe, with the ability to provide for housing, recreation, and places to work, shop and socialize. HCDA was empowered with comprehensive planning, development, and financing authority to implement a range of programs to revitalize Kakaako.

The 2002 State Legislature transferred redevelopment responsibility for the Kalaeloa Community Development District from the Barbers Point Naval Air Station Redevelopment Commission to the HCDA. HCDA's role in Kalaeloa is to facilitate redevelopment in the district.

For more information contact:

Hawaii Community Development Authority
677 Ala Moana Blvd, Suite 1001
Honolulu, HI 96813

Phone: 808-587-2870

Fax: 808-587-8150

URL: <http://www.hcdaweb.org>

Hawaii Strategic Development Corporation

Hawaii Strategic Development Corporation is a State agency created in 1990 to promote economic development and diversification in conjunction with private enterprise.

The mission of the Hawaii Strategic Development Corporation (HSDC) is to develop a sustainable venture capital industry in Hawaii which will stimulate the growth of new businesses.

HSDC's primary objective is to promote the well being of the people of Hawaii by providing investment capital to businesses in order to stimulate economic growth, employment, and economic diversification. This goal is achieved through the investment of public and private funds in return for equity or ownership positions in private businesses, recognizing that many start-up and early stage companies cannot carry the burden of fixed debt service until they are at a later stage of development.

Emphasis is given to investment opportunities which further technological innovation, though almost all industry sectors are eligible for financing. The corporation is currently precluded by law from investing in construction of housing. Examples of companies receiving venture funding include:

- Internet services
- Biotechnology
- Software/multimedia developers
- Aquaculture
- Food and beverage processing and distribution
- Telecommunications
- Medical device
- Healthcare

HSDC has the long-term goals of developing a venture capital infrastructure in Hawaii to support business growth and expansion, and to provide entrepreneurial development programs.

For more information contact:

Hawaii Strategic Development Corporation
250 S. Hotel St., 5th Floor
P.O. Box 2359
Honolulu, HI 96804

Phone: 808-587-3829

Fax: 808-587-3832

URL: <http://www.htdc.org/hsdc>

Hawaii Tourism Authority

During the Hawaii Tourism Authority's (HTA) first year of operation, the HTA developed a strategic plan, *Ke Kumu*. *Ke Kumu* provides a framework for bringing together the common goals for the good of Hawaii and its people, and also serves to guide the HTA in fulfilling its leadership role as steward of Hawaii's tourism industry. Seven initiatives are identified to achieve HTA's overall goal of increased visitor expenditures – a combination of spending per day, length-of-stay, and visitor arrivals. Tourism funds will be expended according to a plan with specific goals and measures of accountability that will help it achieve its mission.

With respect to the Convention Center, the HTA's activities are focused on quality servicing of clientele with the facility's operating manager, increasing effectiveness of marketing efforts in cooperation with the Hawaii Visitors and Convention Bureau (HVCB) and Spectators Management Group (SMG) to maximize meetings, conventions, and incentives (MCI) visitor counts, providing an information program with the public sector, completing outstanding punch list and warranty items, and completing remaining capital improvement projects.

The HTA assumed the responsibility of operating, managing, and maintaining the Hawaii Convention Center (HCC) when the Convention Center Authority (CCA) ceased to exist on June 30, 2000, even though this responsibility was not legislatively assigned. The first step the HTA took was to submit the appropriate application to the Board of Land and Natural Resources to shift custody of the center from the DLNR to the HTA. Once the application was approved, the control and management of the Hawaii Convention Center site was then transferred to the HTA by Executive Order 3817 which was signed by the Governor on May 25, 2000.

For more information contact:

Hawaii Tourism Authority
The Hawaii Convention Center
1801 Kalakaua Avenue
Honolulu, HI 96815

Phone: 808-973-2255

Fax: 808-973-2253

URL: <http://www.hawaii.gov/tourism>

High Technology Development Corporation

The High Technology Development Corporation (HTDC) was established by the 1983 Legislature to facilitate the growth and development of the commercial high technology industry in Hawaii.

HTDC's broad range of services and programs focus on meeting the current needs of Hawaii's developing high technology companies and include:

- developing industrial parks as high technology innovation centers and the development of projects within or outside industrial parks;
- providing support and services to Hawaii based high technology companies;
- collecting and analyzing information on the state of commercial high technology activity in Hawaii;
- promoting and marketing Hawaii as a site for commercial high technology activity; and,
- providing advice on policy and planning for technology-based economic development.

For more information contact:

High Technology Development Corporation
Manoa Innovation Center, Suite 100
2800 Woodlawn Drive
Honolulu, HI 96822

Phone: 808-539-3806

Fax: 808-539-3795

URL: <http://www.htdc.org>

Housing and Community Development Corporation of Hawaii

As Hawaii's affordable housing agency, the Housing & Community Development Corporation of Hawaii seeks to serve as a catalyst to provide Hawaii's residents with affordable housing and shelter in a balanced and supportive environment without discrimination.

HCDCH seeks to:

- Increase and preserve rental housing for low-income households and special need groups;
- Revitalize existing rental projects while promoting healthy neighborhoods and strong communities;
- Assist persons in housing program achieve a higher level of economic independence;
- Increase homeownership opportunities; and
- Implement cost-effective management of government programs and resources.

For more information contact:

Housing and Community Development Corporation of Hawaii
677 Queen St., Suite 300
Honolulu, HI 96813

Phone: 808-587-0641

Fax: 808-832-6030

URL: <http://www.hcdch.state.hi.us>

Land Use Commission

The mission of the Land Use Commission (LUC) is to preserve, protect, and encourage the development of lands in the State for those uses to which they are best suited for the public welfare, through the implementation of the State Land Use Law, Chapter 205, Hawaii Revised Statutes, as amended.

The LUC processes, reviews, and acts on petitions for district boundary amendments which involve lands over 15 acres in the State Agricultural, Rural, and Urban Districts and all petitions for reclassification of lands in the Conservation District. It reviews and acts on all applications for special permits in the Agricultural and Rural Districts which are over 15 acres. It processes motions and boundary interpretation requests, maintains, updates, and disseminates official State land use district maps and land use information.

The LUC intends to continue processing, reviewing, and acting on petitions for district boundary amendments and special permits in accordance with statutory timeframes, as applicable. The LUC also intends to continue processing motions and boundary interpretation requests and disseminating and providing maps and information, as requested.

For more information contact:

Land Use Commission
Leiopapa A Kamemeha Building
235 South Beretania Street, Room 406
P. O. Box 2359
Honolulu, Hawaii 96804-2359

Phone: 808-587-3822
Fax: 808-587-3827

URL: <http://luc.state.hi.us>

Natural Energy Laboratory of Hawaii Authority

The mission of the Natural Energy Laboratory of Hawaii Authority (NELHA), an attached agency of DBEDT, is to bring economic development and diversification to the Hawaii community it serves. To accomplish this, NELHA has developed the state's only ocean science and technology park on 870 acres of prime coastal real estate in Kailua-Kona on the Island of Hawaii. NELHA markets and manages a unique complement of natural and logistical assets at its properties to attract tenants who can help build sustainable industries for Hawaii's future.

Visionary planning when the agency was first created in 1974 resulted in development of a unique seawater supply system that pumps pristine warm surface seawater and cold deep seawater to shore. The dual seawater system has served as a catalyst for scientific and technological innovation and, ultimately, will serve Hawaii's efforts to develop and diversify its economy. NELHA continues to be the world's premier location for ocean thermal energy conversion research. The agency also continues to attract a variety of tenants who can creatively utilize NELHA's seawater, sunshine, and other assets. By the end of FY 01 there were 27 tenants, of which 9 were engaged in pre-commercial projects, 13 in full commercial operations, 2 as educational projects, and 3 as research projects. Of these, 17 were aquaculture companies providing leading edge research and product development to support Hawaii's aquaculture industry.

During FY 00 and 01 NELHA and its tenants commenced major new construction projects, engaging a variety of support services from the local community. During its transition from pre-commercial research to full commercialization, Big Island Abalone Corporation began land development and construction on an initial ten-acre abalone aquaculture production site, and NELHA continued to develop vital infrastructure, focusing on the engineering of a long-awaited 55-inch pipeline to serve the HOST Park section of NELHA's properties.

Development of the NELHA Gateway Project and the Ocean Center Commercial Area commenced in earnest during FY00-01. These projects will create new venues for research, education and commercial development in renewable energy, ocean sciences, marine biotechnology, and other areas, and grow new profit centers to boost NELHA's revenue stream.

For more information contact:

Natural Energy Laboratory of Hawaii Authority
73-4460 Queen Kaahumanu Highway, Suite 101
Kailua-Kona, HI 96740

Phone: 808-329-7341

Fax: 808-326-3262

URL: <http://www.nelha.org>

Office of Planning

The Office of Planning enhances the effectiveness and efficiency of State programs by analyzing and formulating policies and strategies, by conducting statewide planning, by coordinating such planning within and between levels of government, and by undertaking comprehensive land use and coastal zone management activities.

The functions of OP include:

- Land Use Planning - developing and presenting the position of the State in all boundary change petitions and proceedings before the Land Use Commission, assisting State agencies in the development and submittal of petitions for land use district boundary amendments, and conducting periodic reviews of the classification and districting of all lands in the State.
- Coastal and Ocean Policy Management - carrying out the lead agency responsibilities for the Hawaii Coastal Zone Management Program.
- Planning and Geographic Information System - planning, developing, implementing and coordinating a statewide planning and geographic information system.
- Strategic Planning - identifying and analyzing significant issues, problems, and opportunities confronting the State, and formulating strategies and alternative courses of action in response to identified problems and opportunities.
- Intergovernmental Coordination and Cooperation - facilitating coordinated and cooperative planning and policy development and implementation activities among State agencies, and between the State, County and Federal governments.
- Comprehensive Planning Program Coordination - formulating and articulating comprehensive statewide goals, objectives, policies, and priorities, and coordinating their implementation through the statewide planning system.

For more information contact:

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Department of Business, Economic Development & Tourism
Statement of Operating Appropriations, Restrictions, and Expenditures
For the Period July 1, 1999 - June 30, 2000

	<u>Adjusted Appropriations</u>	<u>Restrictions</u>	<u>Expenditures, Encumbrances & Transfers</u>	<u>Balance</u>
<u>General Funds</u>				
<u>BED 102 Commerce and Industry</u>				
Business Support Division	1,339,178	2,789	1,325,569	10,820
Business Development and Marketing Division	1,807,851	2,573	1,804,897	381
Ocean Resources Branch	451,048	808	446,266	3,974
Hawaii Strategic Development Corporation	<u>1,109,152</u>	<u>362,257</u>	<u>746,673</u>	<u>222</u>
BED 102 Total	<u>4,707,229</u>	<u>368,427</u>	<u>4,323,405</u>	<u>15,397</u>
 <u>BED 103 Statewide Land Use Management</u>				
Land Use Commission	<u>421,790</u>	<u>-</u>	<u>406,875</u>	<u>14,915</u>
 <u>BED 104 Special Community Development</u>				
HI Community Dev. Authority and Barbers Pt. Naval Air Station Redev. Commission	<u>216,465</u>	<u>-</u>	<u>207,585</u>	<u>8,880</u>
 <u>BED 120 Energy Development and Management</u>				
Energy Resources & Technology Division	771,578	1,526	769,157	895
Natural Energy Laboratory of Hawaii Authority	<u>969,825</u>	<u>2,732</u>	<u>966,914</u>	<u>179</u>
BED 120 Total	<u>1,741,403</u>	<u>4,258</u>	<u>1,736,071</u>	<u>1,074</u>
 <u>BED 130 Economic Plng. & Research for Econ. Dev.</u>				
Research and Economic Analysis Division	<u>958,156</u>	<u>2,804</u>	<u>934,957</u>	<u>20,395</u>
 <u>BED 142 General Support for Econ. Development</u>				
Office of the Director, Admin. Services Office, and Communications & Publications Office	<u>1,587,430</u>	<u>4,398</u>	<u>1,581,131</u>	<u>1,901</u>
BED 142 Total				
 <u>BED 143 High Technology Development Corp.</u>				
High Technology Development Corporation	<u>1,365,429</u>	<u>1,144</u>	<u>1,351,996</u>	<u>12,289</u>
 <u>BED 144 Statewide Planning and Coordination</u>				
Office of Planning	<u>2,002,134</u>	<u>225,000</u>	<u>1,751,747</u>	<u>25,387</u>
 Total General Funds	<u>13,000,036</u>	<u>606,031</u>	<u>12,293,767</u>	<u>100,238 (1)</u>

	Adjusted Appropriations	Restrictions	Expenditures, Encumbrances & Transfers	Balance
<u>Special & Revolving Funds</u>				
<u>BED 102 Commerce and Industry</u>				
HI Strategic Development Corp. Revolving Fund	1,500,000		1,499,954	46
Hawaii Film Facility Special Fund	196,869	-	161,062	35,807
BED 102 Total	1,696,869	-	1,661,016	35,853
<u>BED 104 Hawaii Community Development Authority</u>				
HI Comm. Dev. Authority Assessment Reserve Fund	3,300,000		1,250,925	2,049,075
Kalaeloa Community Dev. District Revolving Fund	1,500,000	-	270,106	1,229,894
BED 104 Total	4,800,000	-	1,521,031	3,278,969
<u>BED 107 Foreign Trade</u>				
Foreign Trade Zone Special Fund	1,973,377	-	1,253,470	719,907
<u>BED 113 Tourism</u>				
Tourism Special Fund	60,000,000		59,995,247	4,753
Convention Center Special Fund	39,058,551	-	37,423,144	1,635,407
BED 113 Total	99,058,551	-	97,418,391	1,640,160
<u>BED 120 Energy Development & Management</u>				
Clean Hawaii Special Fund	400,000		150,000	250,000
Natural Energy Laboratory of HI Authority Special Fund	1,332,875	-	1,257,987	74,888
BED 120 Total	1,732,875	-	1,407,987	324,888
<u>BED 130 Economic Plng. & Research for Econ. Dev.</u>				
Tourism Special Fund - Tourism Research	956,034	-	953,680	2,354
<u>BED 142 General Support for Economic Development</u>				
Aloha Tower Special Fund	3,603,147	-	1,158,089	2,445,058
<u>BED 143 High Technology Development Corp.</u>				
High Technology Special Fund	1,761,442	-	1,511,445	249,997
Total Special & Revolving Funds	115,582,295	-	106,885,109	8,697,186 (2)
Total Funds (3)	128,582,331	606,031	119,178,876	8,797,424

Notes:

- (1) Represents the unrestricted general fund amounts that lapsed at June 30.
- (2) Represents the special fund unexpended appropriation balance at June 30.
- (3) Statement does not include the Petroleum Products Control Revolving Fund, DBEDT's loan revolving funds, HCDA's revolving fund, all federal, trust, and capital improvement appropriations. In addition, statement excludes appropriations of the Housing and Community Development Corporation of Hawaii.

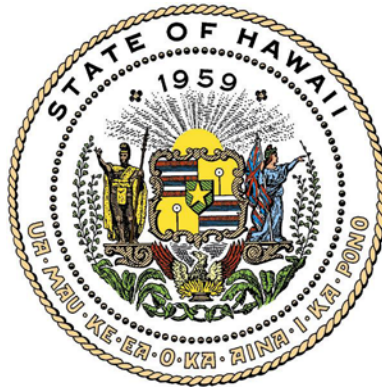
Department of Business, Economic Development & Tourism
Statement of Operating Appropriations, Restrictions, and Expenditures
For the Period July 1, 2000 - June 30, 2001

	<u>Adjusted Appropriations</u>	<u>Restrictions</u>	<u>Expenditures, Encumbrances & Transfers</u>	<u>Balance</u>
<u>General Funds</u>				
<u>BED 102 Commerce and Industry</u>				
Business Support Division	1,609,094	19,280	1,568,139	21,675
Business Development and Marketing Division	1,803,851	7,701	1,793,952	2,198
Ocean Resources Branch	<u>431,548</u>	<u>7,474</u>	<u>410,912</u>	<u>13,162</u>
BED 102 Total	<u>3,844,493</u>	<u>34,455</u>	<u>3,773,003</u>	<u>37,035</u>
 <u>BED 103 Statewide Land Use Management</u>				
Land Use Commission	<u>421,790</u>	<u>1,756</u>	<u>400,024</u>	<u>20,010</u>
 <u>BED 104 Special Community Development</u>				
HI Community Dev. Authority and Barbers Pt. Naval Air Station Redev. Commission	<u>223,965</u>	<u>7,467</u>	<u>215,957</u>	<u>541</u>
 <u>BED 113 Tourism</u>				
Hawaii Tourism Authority/Convention Center	<u>14,479,000</u>	<u>-</u>	<u>14,437,810</u>	<u>41,190</u>
 <u>BED 120 Energy Development and Management</u>				
Energy Resources & Technology Division	949,878	268	946,902	2,708
Natural Energy Laboratory of Hawaii Authority	<u>966,525</u>	<u>10,261</u>	<u>956,181</u>	<u>83</u>
BED 120 Total	<u>1,916,403</u>	<u>10,529</u>	<u>1,903,083</u>	<u>2,791</u>
 <u>BED 130 Economic Plng. & Research for Econ. Dev.</u>				
Research and Economic Analysis Division	<u>958,156</u>	<u>5,234</u>	<u>930,647</u>	<u>22,275</u>
 <u>BED 142 General Support for Econ. Development</u>				
Office of the Director, Admin. Services Office, and Communications & Publications Office	<u>1,736,987</u>	<u>4,082</u>	<u>1,730,668</u>	<u>2,237</u>
 <u>BED 143 High Technology Development Corp.</u>				
High Technology Development Corporation	<u>1,365,429</u>	<u>22,410</u>	<u>1,318,894</u>	<u>24,125</u>
 <u>BED 144 Statewide Planning and Coordination</u>				
Office of Planning	<u>1,631,208</u>	<u>871</u>	<u>1,627,970</u>	<u>2,367</u>
 Total General Funds	<u>26,577,431</u>	<u>86,804</u>	<u>26,338,056</u>	<u>152,571</u> (1)

	Adjusted Appropriations	Restrictions	Expenditures, Encumbrances & Transfers	Balance
<u>Special & Revolving Funds</u>				
<u>BED 102 Commerce and Industry</u>				
HI Strategic Development Corp. Revolving Fund	4,104,473		3,600,989	503,484
Hawaii Film Facility Special Fund	196,869	-	166,601	30,268
BED 102 Total	4,301,342	-	3,767,590	533,752
<u>BED 104 Hawaii Community Development Authority</u>				
HI Comm. Dev. Authority Assessment Reserve Fund	3,300,000		1,236,886	2,063,114
Kalaheo Comm. Dev. District Revolving Fund	1,686,415	-	329,220	1,357,195
BED 104 Total	4,986,415	-	1,566,106	3,420,309
<u>BED 107 Foreign Trade</u>				
Foreign Trade Zone Special Fund	1,973,377	-	1,174,163	799,214
<u>BED 113 Tourism</u>				
Tourism Special Fund	61,000,000	-	60,921,085	78,915
<u>BED 120 Energy Development & Management</u>				
Clean Hawaii Special Fund	400,000		-	400,000
Natural Energy Laboratory of HI Authority Special Fund	1,382,875	-	1,378,101	4,774
BED 120 Total	1,782,875	-	1,378,101	404,774
<u>BED 130 Economic Plng. & Research for Econ. Dev.</u>				
Tourism Special Fund - Tourism Research	1,146,034	-	891,176	254,858
<u>BED 142 General Support for Economic Development</u>				
Aloha Tower Special Fund	3,603,147	-	1,272,041	2,331,106
<u>BED 143 High Technology Development Corp.</u>				
High Technology Special Fund	1,761,442	-	1,437,126	324,316
Total Special & Revolving Funds	80,554,632	-	72,407,388	8,147,244 (2)
Total Funds (3)	107,132,063	86,804	98,745,444	8,299,815

Notes:

- (1) Represents the unrestricted general fund amounts that lapsed at June 30.
- (2) Represents the special fund unexpended appropriation balance at June 30.
- (3) Statement does not include the Petroleum Products Control Revolving Fund, DBEDT's loan revolving funds, HCDA's revolving fund, all federal, trust, and capital improvement appropriations. In addition, statement excludes appropriations of the Housing and Community Development Corporation of Hawaii.



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